

## ORDINANCE

NO. 00566

AN ORDINANCE declaring the policies of King County concerning the establishment and implementation of an effective and efficient budgeting and reporting system for all county activities; and prescribing responsibilities in administering the system.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

There is hereby adopted an ordinance which establishes policies to establish and administer an efficient and effective budgeting and reporting system for all activities of county government; to prescribe duties and powers of officials and agencies to achieve the necessary fiscal controls, to effectuate sound budget administration, and prescribe responsibilities for reporting of fiscal matters.

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SECTION 2. PURPOSE OF THE ORDINANCE. This ordinance is to establish a fiscally sound budgeting and reporting system under which all county activities shall be administered, and to assure coordination exists between those persons and organizations who are responsible for the operation of the fiscal system. Policies and guidelines stated herein are conceived to assure that the most advanced budgeting and reporting techniques are used by the county for the present and the future.

SECTION 3. BUDGETING SYSTEM

A. DEFINITIONS. The following terms as used in this ordinance shall, unless the context clearly indicates otherwise, have the respective meanings herein set forth.

1. Agency. Every county office, officer, each institution, whether educational, correctional or other, and every department, division, board and commission, except as otherwise provided in this ordinance.
2. Allocation. A part of a lump sum appropriation which is designated for expenditure by specific organization unit and/or specific purposes.
3. Allotment. A part of an appropriation which may be encumbered or expended during an allotment period.
4. Allotment Period. A period of time less than a fiscal year in length during which an allotment is effective.
5. Appropriations. An authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes.
6. Appropriation Ordinance. That ordinance which establishes the legal level of appropriations for a fiscal year.
7. Budget. A proposed plan of expenditures for a given period or purpose and the proposed means for financing these expenditures.
8. Budget Document. A formal, written, comprehensive financial program presented by the County Executive to the Council.
9. Council. The County Council of King County.
10. Deficit. The excess of expenditures over revenues during an accounting period, or an accumulation of such excesses over a period of years.
11. Expenditures. Where the accounts are kept on the accrual basis or the modified accrual basis, the cost of goods delivered or services rendered, whether paid or unpaid, including expenses, provisions for debt retirement not reported as a liability of the fund from which retired, and capital outlays. Where the accounts are kept on the cash basis, actual cash disbursements for these purposes.
12. Fund. An independent fiscal and accounting entity with a self balancing set of accounts recording cash and/or other resources together with related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain

1 objectives in accordance with special regulations, restrictions or  
2 limitations.

3 13. Fund Balance. The excess of the assets of a fund over its liabilities and  
4 reserves except in the case of funds subject to budgetary accounting  
5 where, prior to the end of a fiscal period, it represents the excess of the  
6 fund assets and estimated revenues for the period over its liabilities,  
7 reserves, and appropriations for the period.

8 14. Lapse of Appropriation. An automatic termination of an appropriation.

9 15. Object of Expenditure. A grouping of expenditures on the basis of goods  
10 and services purchased. (e.g., salary and wages).

11 16. Program. The definition of resources and efforts committed to satisfy-  
12 ing a public need. The extent to which the public need is satisfied is  
13 measured by the effectiveness of the process in fulfilling the needs as  
14 expressed in explicit objectives.

15 17. Public Need. Those public services found to be required to maintain the  
16 health, safety, and well being of the general citizenry.

17 18. Regulations. The policies, standards and requirements, stated in writing,  
18 designed to carry out the purposes of this ordinance, as issued by the  
19 County Executive or his designated agent, and which shall have the force  
20 and effect of law.

21 19. Reappropriation. Authorization granted by the Council to expend the  
22 appropriation for the previous fiscal year for capital programs only.

23 20. Revenue. The addition to assets which does not increase any liability,  
24 nor represent the recovery of an expenditure, nor the cancellation of  
25 certain liabilities on a decrease in assets nor a contribution to fund  
26 capital in enterprise and intragovernmental service funds.

27 B. CONTENTS OF THE BUDGET. The budget documents may be organ-  
28 ized into parts which will include data specified in this ordinance.

29 1. Budget Document. The County budget shall set forth the  
30 complete financial plan for the ensuing fiscal year showing planned  
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1 expenditures, and the sources of revenue from which they are to be  
2 financed.

3 a. Revenues. The budget document shall include the following:

- 4 - Estimated revenue by fund and by source from taxation.
- 5 - Estimated revenues by fund and by source other than taxation.
- 6 - Actual receipts for first six months (January 1 - June 30) of  
7 the current fiscal year.
- 8 - Actual receipts for the last completed fiscal year by fund and by  
9 source.
- 10 - Estimated fund balance or deficit for current fiscal year by fund.
- 11 - And such additional information dealing with revenues as the  
12 County Executive shall deem pertinent and useful to the County  
13 Council.

14 b. Expenditures. The budget document shall include the following:

- 15 - Tabulation of expenditures in a comparable form by fund, program,  
16 project, and object of expenditure for the ensuing fiscal year.
- 17 - Actual expenditures for the first six months (January 1 - June 30)  
18 of the current year.
- 19 - Actual expenditures for the last completed fiscal year.
- 20 - The appropriation for the current year.
- 21 - And such additional information dealing with expenditures as  
22 the County Executive shall deem pertinent and useful to the  
23 County Council.

24 c. Capital Improvement Program. The capital improvement program  
25 of the budget may be included in a separate section within the budget  
26 document. The capital improvement section shall include:

- 27 - Estimated expenditures for at least the next six fiscal years by  
28 program.
- 29 - Expenditures planned for current, pending, or proposed capital  
30 projects during the fiscal year, classified according to proposed  
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- 1 source of funds whether from appropriation or issuance of bonds.
- 2 - A statement of purpose and estimated total cost for each project
- 3 (for which expenditures are planned during the ensuing fiscal
- 4 year).

5 In addition to the above for capital improvement projects for which

6 expenditures have been previously approved the following shall be

7 included:

- 8 - Original estimated cost of the project.
- 9 - An enumeration of revised project cost estimates.
- 10 - Funds actually expended for the project.
- 11 - Funds previously authorized for the project.
- 12 d. Emergency Warrants. The budget document shall include:
- 13 - A section indicating the amount of emergency warrants issued
- 14 during the preceding fiscal year and the amount for each
- 15 agency.
- 16 - The budget shall make provision for such emergency warrants
- 17 in the annual tax levy, provided that the governing body may fund
- 18 the warrants or any part thereof from bonds instead of including
- 19 them in the budget levy.
- 20 e. Budget Message. The budget message shall explain the budget
- 21 in fiscal terms and in terms of goals to be accomplished and
- 22 shall relate the requested appropriation to the comprehensive
- 23 plan of the county.
- 24 f. Proposed Estimates. The total proposed expenditures shall not
- 25 be greater than the total proposed revenue PROVIDED, that
- 26 this requirement shall not prevent the liquidation of any deficit
- 27 existing on the effective date of this ordinance.
- 28 - Budgeting Fund Balances. If the estimated revenues in the
- 29 Current Expense, Special Revenue, or Debt Service Funds for
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1 the next ensuing fiscal period, together with the fund balance,  
2 for the current fiscal period exceeds the applicable appropri-  
3 ations proposed by the County Executive for the next ensuing  
4 fiscal period, the County Executive shall include in the budget  
5 document his recommendations for the use of said excess for  
6 the reduction of indebtedness, for the reduction of taxation or  
7 for other purposes as in his discretion shall serve the best  
8 interests of the County.

- 9 - Anticipated Deficits. If, for any applicable fund, the estimated  
10 revenues for the next ensuing period plus fund balance shall be  
11 less than the aggregate of appropriations proposed by the County  
12 Executive for the next ensuing fiscal period, the County Executive  
13 shall include in the budget document his proposals as to the  
14 manner in which the anticipated deficit shall be met, whether by  
15 an increase in the indebtedness of the County, by imposition of  
16 new taxes, by increase of tax rate or in any like manner.

17 2. Supporting Data. Justification for revenues and expenditures shall  
18 be presented in detail when necessary to explain changes of established  
19 practices, unique fiscal practices and new sources of revenue or expendi-  
20 ture patterns, or any data the County Executive deems useful to support  
21 the budget. The following are included:

- 22 - Interest, amortization and redemption charges of the county debt.  
23 - Payment of all reliefs, judgments and claims.  
24 - Unanticipated revenues - such as state or federal grants, gifts and  
25 donations.  
26 - Inclusion of non-budgeted departments and programs expenditures  
27 and revenues, i. e., Intragovernmental Service Funds.  
28 - Categorization of sources and amount of revenue by fund and  
29 department.  
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- 1 - All proposed expenditures by at least major expenditure categories  
2 such as program, project or general object of expenditures.

3 C. PREPARATION AND ADMINISTRATION OF THE BUDGET.

- 4 1. Preparation and Distribution. The County Council and County Execu-  
5 tive or his designee shall execute the responsibilities outlined below  
6 in order to accomplish the preparation and distribution of the County  
7 Budget.

8 a. Role of the County Executive.

9 1) Submission of Agency Requests. The County Executive or his  
10 designee shall notify in writing each county official, elective or  
11 appointee, in charge of an office, department, service or institution  
12 of the County, to file with him or his designee detailed and itemized  
13 estimates, both of the probable revenues from other than taxation, and  
14 of all expenditures required by such office, department, service or  
15 institution for the ensuing year. A copy of the agency submitted re-  
16 quests shall be filed with the County Auditor after initially compiled by  
17 the County Executive or designee or upon call by the County Auditor.

18 2) Executive Budget Hearings. Prior to presentation to the County  
19 Council, the County Executive may provide for hearings on all agency  
20 requests for expenditures and revenues to enable him to make deter-  
21 minations as to the need, value or usefulness of activities or programs  
22 requested by agencies. The County Executive may require the atten-  
23 dance of proper agency officials at his hearings, and it shall be their  
24 duty to disclose such information as may be required to enable the  
25 County Executive to arrive at his final determination. The County  
26 Executive shall notify the County Auditor of any hearing schedules so  
27 the Auditor may attend.

28 3) Submission of Executive Budget. The County Executive shall pre-  
29 pare and present an annual budget and budget message to the Council  
30 no later than seventy-five (75) days prior to the end of the fiscal year.  
31 Copies of the budget and budget message shall be delivered to the clerk  
32 and each councilman.

1 4) Availability to the Public. Prior to the public hearing on  
2 the budget, the budget message and supporting tables shall be  
3 furnished to any interested person upon request, and copies of the  
4 budget shall be furnished for a reasonable fee as established by  
5 ordinance and shall be available for public inspection.

6 b. Role of the County Council.

7 1) Review of the Executive Budget. The Council shall review the  
8 proposed appropriation ordinance and shall make any changes or  
9 additions it deems necessary except the Council shall not change the  
10 form of the proposed appropriation ordinance submitted by the  
11 County Executive.

12 2) Legislative Budget Hearings. The County Council shall then  
13 announce and subsequently hold a public hearing or hearings as it  
14 deems necessary.

15 3) Appropriation. Upon completion of the budget hearings the  
16 County Council shall by ordinance adopt the budget which shall then  
17 constitute an appropriation granting authority to make expenditures  
18 and to incur obligations toward achieving legislative intent. The  
19 appropriations for capital improvement projects shall be adopted in  
20 two phases, first for preliminary design and engineering and second  
21 for site acquisition, construction and other related costs.

22 c. Printing and Distribution of the Budget. The Office of Budgets  
23 and Accounts shall be responsible for the printing and distribution of the  
24 executive and final adopted budget.

25 2. Administration of the Budget.

26 a. Allotment and Work Program

27 1) Establishment of Allotments. Within 30 days after adoption of  
28 the appropriation ordinance all agencies shall submit to the County  
29 Executive a statement of proposed agency expenditures at such times  
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and in such form as may be required by him, PROVIDED that the County Council is not required to submit an allotment. The statement of proposed expenditures shall include requested allotments of appropriations for the ensuing fiscal period for the department concerned by either program, project, object of expenditure or combination thereof and for such periods as may be specified by the County Executive or his designee. The County Executive shall review the requested allotments in light of the agency's plan of work, and he may revise or alter agency allotments. The aggregate of the allotments for any agency shall not exceed the total of appropriations available to the agency concerned for the fiscal period.

2) Revision of Allotments. If at any time during the fiscal period the County Executive shall ascertain that available revenues for the applicable period will be less than the respective appropriations, he shall revise the allotments of agencies funded from such revenue sources to prevent the making of expenditures in excess of revenues. To the same end, the County Executive is authorized to assign to, and to remove from, a reserve status any portion of an agency appropriation which in the County Executive's discretion is not needed for the allotment. No expenditures shall be made from any portion of an appropriation which has been assigned to a reserve status except as provided in this section.

b. Review of Pay and Classification Plans. The County Executive or his designee shall review any pay and classification plans, and changes thereunder for fiscal impact. He may amend or alter such plans: PROVIDED, That none of the provisions of this subsection shall affect merit systems of personnel management now existing or hereafter established by ordinance relating to the fixing of qualification requirements for recruitment, appointment, or promotion of employees of any agency.

1 c. Positions and Man-Months. The County Executive or his  
2 designee shall fix the number and classes of positions and authorized  
3 man-months of employment for each agency, and during the fiscal period  
4 amend the determinations previously fixed by him within limits authorized  
5 by the Council, except that he shall not be empowered to fix said number  
6 or said classes for agencies headed by elective officials.

7 d. Transfer of Appropriations Between Agencies. During the last  
8 quarter of the fiscal year, the County Council when requested by the  
9 County Executive may adopt an ordinance to transfer appropriations  
10 between agencies of county government; but a capital project shall  
11 not be abandoned thereby unless its abandonment is recommended by  
12 the Executive Department responsible for planning.

13 e. Lapsing of Appropriation. Unless otherwise provided in the  
14 appropriation ordinances, all appropriation shall lapse at the end of  
15 the fiscal year to the extent that they have not been expended or lawfully  
16 obligated. Any remaining unexpended and unobligated balance of  
17 appropriations shall revert to the fund from which the appropriation was  
18 made. An appropriation in the capital budget appropriation shall lapse  
19 when the project has been completed or abandoned or when no ex-  
20 penditure or encumbrance has been made for three years.

21 f. When Contracts and Expenditures Prohibited. No agency shall  
22 expend or contract to expend any money or incur any liability in excess  
23 of the amounts appropriated for that purpose. Any contract made in  
24 violation of this section shall be null and void: PROVIDED, that nothing  
25 in this section shall prevent the making of contracts or the spending of  
26 money for capital improvements, nor the making of contracts of lease  
27 or for service for a period exceeding the fiscal period in which such  
28 contract is made, when such contract is permitted by law.

Any officer, agent, or employee of the County knowingly responsible under such a contract shall be personally liable to anyone damaged by this action. The County Council when requested to do so by the County Executive may adopt an ordinance permitting the County to enter into contracts requiring the payment of funds from appropriations of subsequent fiscal years, but real property shall not be leased to the County for more than one year unless it is included in a capital appropriation ordinance.

SECTION 4. REPORTING SYSTEM. The following terms as used in this ordinance shall, unless the context clearly indicates otherwise, have the respective meanings herein set forth.

A. DEFINITIONS

1. Management Audit. A review of the management practices and procedures used in an agency.
2. Post-Audit. An audit made after the transactions to be audited have taken place and have been recorded or have been approved for recording by designated officials, where required.

B. TYPES OF REPORTS REGULARLY AVAILABLE.

1. County Annual Report. The County Executive shall annually cause to be prepared and published a comprehensive financial report covering all funds and financial transactions of the county during the preceding fiscal year.
2. Management Fiscal Reports. The County Auditor shall periodically prepare and publish the results of examinations performed by his office of the effectiveness and efficiency of the operation of County agencies.
3. Annual Post Audit Report. The Office of the State Auditor, Division of Municipal Corporations, annually issues the results of their examination of the financial affairs and transactions of the County.

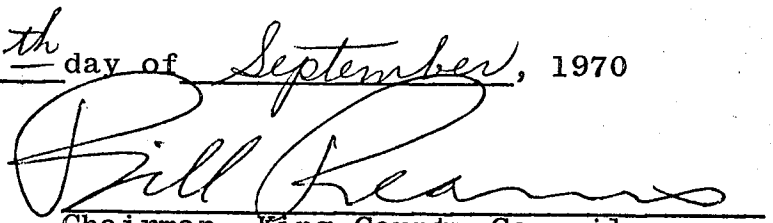
C. OTHER REPORTS. County agencies shall prepare other reports for use by the Council or County Executive as required by them.

SECTION 5. CONSTITUTIONALITY: CONFLICTS WITH FEDERAL LAW

A. CONSTITUTIONALITY. If any section, sub-section, paragraph sentence, clause, or phrase of this ordinance is for any reason held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this ordinance, it being herein expressly declared that this ordinance and each section, sub-section, paragraph, sentence, clause, and phrase thereof would have been adopted irrespective of the fact that any one or more other sections, sub-sections, paragraphs, sentences, clauses, or phrases be declared invalid or unconstitutional.

B. FEDERAL LAW CONTROLS IN CASE OF CONFLICT - RULES. If any part of this ordinance shall be found to be in conflict with federal requirements which are a prescribed condition to the allocation of federal funds to the County, such conflicting part of this ordinance is hereby declared to be inoperative solely to the extent of such conflict and with respect to the agencies directly affected, and such finding or determination shall not affect the operation of the remainder of this ordinance in its application to the agencies concerned. The rules and regulations under this ordinance shall meet federal requirements which are a necessary condition to the receipt of federal funds by the County.

PASSED this 14<sup>th</sup> day of September, 1970

  
Chairman, King County Council

ATTEST:

  
Clerk of the Council

ACTING

APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 1970.

DEEMED ENACTED WITHOUT  
COUNTY EXECUTIVE'S SIGNATURE.

DATED: September 24, 1970

John D. Spellman, King County Executive

ORDINANCE READINGS

1st 6-15-70

2nd 9-14-70

3rd 9-14-70

Effective Date \_\_\_\_\_